



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2007
OF THE CONDITION AND AFFAIRS OF THE

Upper Peninsula Health Plan, Inc.

NAIC Group Code	0000	(Current Period)	0000	(Prior Period)	NAIC Company Code	52615	Employer's ID Number	38-3379956
Organized under the Laws of	Michigan				State of Domicile or Port of Entry	Michigan		
Country of Domicile	United States							
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []			
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]			
	Hospital, Medical & Dental Service or Indemnity []				Is HMO, Federally Qualified? Yes [] No [X]			
Incorporated/Organized	10/14/1997				Commenced Business	08/01/1998		
Statutory Home Office	228 W. Washington St.				Marquette, MI 49855			
	(Street and Number)				(City or Town, State and Zip Code)			
Main Administrative Office	228 W. Washington St.							
	Marquette, MI 49855				906-225-7500			
	(City or Town, State and Zip Code)				(Area Code) (Telephone Number)			
Mail Address	228 W. Washington St.				Marquette, MI 49855			
	(Street and Number or P.O. Box)				(City or Town, State and Zip Code)			
Primary Location of Books and Records	228 W. Washington St.							
	Marquette, MI 49855				906-225-7491			
	(City or Town, State and Zip Code)				(Area Code) (Telephone Number)			
Internet Website Address	www.uphp.com							
Statutory Statement Contact	Kevin William Carlson				906-225-7491			
	(Name)				(Area Code) (Telephone Number) (Extension)			
	kwcarlson@uphp.com				906-225-7690			
	(E-mail Address)				(FAX Number)			

OFFICERS

Name	Title	Name	Title
Dennis H. Smith	President	Greg A. Gustafson	Treasurer
Donald Simila #	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

John Schon	Donald Simila #	Wayne Hellerstedt	Robert Vairo
David Jahn	Michelle Tavernier	Eric Jurgensen	Charles Nelson
James Bogan			

State ofMichigan.....

County ofMarquette.....

ss

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Dennis H. Smith
President

Greg A. Gustafson
Treasurer

Donald Simila
Secretary

Subscribed and sworn to before me this
27 day of February, 2008

Tanya M. Jennings
Administrative Assistant
October 11, 2013

- a. Is this an original filing? Yes [X] No []
- b. If no,
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	1,650,000		1,650,000	3,500,000
2. Stocks (Schedule D):				
2.1 Preferred stocks	0		0	0
2.2 Common stocks	0		0	0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens			0	0
3.2 Other than first liens			0	0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			0	0
4.2 Properties held for the production of income (less \$ encumbrances)			0	0
4.3 Properties held for sale (less \$ encumbrances)			0	0
5. Cash (\$19,048,189 , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short-term investments (\$382,722 , Schedule DA).....	19,430,911		19,430,911	10,791,719
6. Contract loans, (including \$premium notes)			0	0
7. Other invested assets (Schedule BA)	0	0	0	0
8. Receivables for securities			0	0
9. Aggregate write-ins for invested assets	0	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	21,080,911	0	21,080,911	14,291,719
11. Title plants less \$charged off (for Title Insurers only)			0	0
12. Investment income due and accrued	39,820		39,820	56,156
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection			0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			0	0
13.3 Accrued retrospective premium.....			0	0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers			0	0
14.2 Funds held by or deposited with reinsured companies			0	0
14.3 Other amounts receivable under reinsurance contracts			0	0
15. Amounts receivable relating to uninsured plans			0	0
16.1 Current federal and foreign income tax recoverable and interest thereon			0	0
16.2 Net deferred tax asset.....			0	0
17. Guaranty funds receivable or on deposit			0	0
18. Electronic data processing equipment and software.....	58,032	56,291	1,741	1,953
19. Furniture and equipment, including health care delivery assets (\$)	88,185	88,185	0	20,399
20. Net adjustment in assets and liabilities due to foreign exchange rates			0	0
21. Receivables from parent, subsidiaries and affiliates			0	0
22. Health care (\$1,507,871) and other amounts receivable.....	2,057,871	550,000	1,507,871	447,291
23. Aggregate write-ins for other than invested assets	97,619	97,619	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	23,422,438	792,095	22,630,343	14,817,518
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			0	0
26. Total (Lines 24 and 25)	23,422,438	792,095	22,630,343	14,817,518
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0
2301. Prepaid Expenses.....	97,619	97,619	0	0
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	97,619	97,619	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	8,771,000		8,771,000	6,418,000
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	143,000		143,000	142,000
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	442,538		442,538	817,226
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	56,000	0	56,000	56,000
22. Total liabilities (Lines 1 to 21)	9,412,538	0	9,412,538	7,433,226
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	3,592,171	3,592,171
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX		0
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	9,625,634	3,792,121
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25 \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	13,217,805	7,384,292
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	22,630,343	14,817,518
DETAILS OF WRITE-INS				
2101. Reinsurance Loss Fund	56,000		56,000	56,000
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	56,000	0	56,000	56,000
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	304,379	308,317
2. Net premium income (including \$0 non-health premium income).....	XXX	66,797,874	48,498,038
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	66,797,874	48,498,038
Hospital and Medical:			
9. Hospital/medical benefits		37,609,179	23,887,777
10. Other professional services		2,321,175	4,088,285
11. Outside referrals			0
12. Emergency room and out-of-area		1,989,660	1,798,864
13. Prescription drugs		10,652,694	10,006,087
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	0	52,572,708	39,781,013
Less:			
17. Net reinsurance recoveries			93,609
18. Total hospital and medical (Lines 16 minus 17)	0	52,572,708	39,687,404
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$154,242 cost containment expenses.....		1,437,986	1,458,558
21. General administrative expenses.....		7,677,833	5,999,159
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	(880,000)
23. Total underwriting deductions (Lines 18 through 22)	0	61,688,527	46,265,121
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	5,109,347	2,232,917
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		833,839	621,919
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	833,839	621,919
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	15,771	15,771	3,501
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	5,958,957	2,858,337
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	5,958,957	2,858,337
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901. Settlement.....	15,771	15,771	3,501
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	15,771	15,771	3,501

STATEMENT OF REVENUE AND EXPENSES (continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	7,384,292	4,603,247
34. Net income or (loss) from Line 32	5,958,957	2,858,337
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		0
39. Change in nonadmitted assets	(126,005)	(77,292)
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in	0	0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	561	0
48. Net change in capital & surplus (Lines 34 to 47)	5,833,513	2,781,045
49. Capital and surplus end of reporting period (Line 33 plus 48)	13,217,805	7,384,292
DETAILS OF WRITE-INS		
4701. Bond Amortization Adjustment.....	561	0
4702. Equity Adjustment.....		0
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	561	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	65,738,892	48,816,683
2. Net investment income	835,213	603,269
3. Miscellaneous income	15,771	3,501
4. Total (Lines 1 through 3)	66,589,876	49,423,453
5. Benefit and loss related payments	40,569,563	39,973,905
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0
7. Commissions, expenses paid and aggregate write-ins for deductions	19,179,307	5,957,738
8. Dividends paid to policyholders	0	0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses).....	0	0
10. Total (Lines 5 through 9)	59,748,870	45,931,643
11. Net cash from operations (Line 4 minus Line 10)	6,841,006	3,491,810
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	1,849,188	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,849,188	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	(18,650)
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	51,002	91,070
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	51,002	72,420
14. Net increase (decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)	1,798,186	(72,420)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	0	0
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	0	0
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17).....	8,639,192	3,419,390
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	10,791,719	7,372,329
19.2 End of year (Line 18 plus Line 19.1)	19,430,911	10,791,719

ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Upper Peninsula Health Plan, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	66,797,874	236,570	0	0	0	0	0	66,561,304	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	0	0	0	0	0	0	0	0	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6).....	66,797,874	236,570	0	0	0	0	0	66,561,304	0	0
8. Hospital/medical/ benefits	37,609,179	32,906						37,576,273		XXX
9. Other professional services	2,321,175	2,031						2,319,144		XXX
10. Outside referrals	0									XXX
11. Emergency room and out-of-area	1,989,660	1,741						1,987,919		XXX
12. Prescription Drugs	10,652,694	44,475						10,608,219		XXX
13. Aggregate write-ins for other hospital and medical.....	0	0	0	0	0	0	0	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	0									XXX
15. Subtotal (Lines 8 to 14)	52,572,708	81,153	0	0	0	0	0	52,491,555	0	XXX
16. Net reinsurance recoveries	0									XXX
17. Total hospital and medical (Lines 15 minus 16)	52,572,708	81,153	0	0	0	0	0	52,491,555	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$ 154,242 cost containment expenses.....	1,437,986	5,093						1,432,893		
20. General administrative expenses	7,677,833	27,192						7,650,641		
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	61,688,527	113,438	0	0	0	0	0	61,675,089	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	5,109,347	123,132	0	0	0	0	0	4,986,215	0	0
DETAILS OF WRITE-INS										
0501.										XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301.										XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	0	0	0	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	238,170		1,600	236,570
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....	66,712,496		151,192	66,561,304
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8)	66,950,666	.0	152,792	66,797,874
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	66,950,666	0	152,792	66,797,874

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2007 OF THE Upper Peninsula Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Payments during the year:										
1.1 Direct	51,727,579	86,083						51,641,496		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	51,727,579	86,083	0	0	0	0	0	51,641,496	0	0
2. Paid medical incentive pools and bonuses	0									
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	8,771,000	19,688	0	0	0	0	0	8,751,312	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	8,771,000	19,688	0	0	0	0	0	8,751,312	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0									
6. Net healthcare receivables (a)	1,507,871							1,507,871		
7. Amounts recoverable from reinsurers December 31, current year	0									
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	6,418,000	24,618	0	0	0	0	0	6,393,382	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	6,418,000	24,618	0	0	0	0	0	6,393,382	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0
12. Incurred Benefits:										
12.1 Direct	52,572,708	81,153	0	0	0	0	0	52,491,555	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
12.4 Net	52,572,708	81,153	0	0	0	0	0	52,491,555	0	0
13. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	695,586							695,586		
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	695,586	0	0	0	0	0	0	695,586	0	0
2. Incurred but Unreported:										
2.1. Direct	8,075,414	19,688						8,055,726		
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	8,075,414	19,688	0	0	0	0	0	8,055,726	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	0									
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct	8,771,000	19,688	0	0	0	0	0	8,751,312	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4. Net	8,771,000	19,688	0	0	0	0	0	8,751,312	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	16,171	69,912		19,688	16,171	24,618
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan Premiums .....					.0	.0
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid.....	4,577,560	47,063,936		8,751,312	4,577,560	6,393,382
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	4,593,731	47,133,848	.0	8,771,000	4,593,731	6,418,000
10. Healthcare receivables (a).....		1,507,871			.0	
11. Other non-health.....					.0	.0
12. Medical incentive pools and bonus amounts .....					.0	.0
13. Totals (Lines 9 - 10 + 11 + 12)	4,593,731	45,625,977	0	8,771,000	4,593,731	6,418,000

(a) Excludes \$loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	301	301	301	301	301
2. 2003	99	115	115	115	115
3. 2004	XXX	85	117	117	117
4. 2005	XXX	XXX	73	91	91
5. 2006	XXX	XXX	XXX	90	106
6. 2007	XXX	XXX	XXX	XXX	70

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	359	359	359	359	359
2. 2003	132	148	148	148	148
3. 2004	XXX	113	145	145	145
4. 2005	XXX	XXX	97	115	115
5. 2006	XXX	XXX	XXX	115	131
6. 2007	XXX	XXX	XXX	XXX	90

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2003.....	276	115	14	12.2	129	46.7	0	0	129	46.7
2. 2004.....	269	117	13	11.1	130	48.3	0	0	130	48.3
3. 2005.....	265	91	8	8.8	99	37.4	0	0	99	37.4
4. 2006.....	267	106	8	7.5	114	42.7	0	0	114	42.7
5. 2007.....	237	70	5	7.1	75	31.6	20	0	95	40.1

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior .....	.80,588	.80,593	.80,593	.80,593	.80,593
2. 2003 .....	.35,068	.40,239	.40,239	.40,239	.40,239
3. 2004	XXX	.32,979	.39,751	.39,751	.39,751
4. 2005	XXX	XXX	.37,031	.42,229	.42,229
5. 2006	XXX	XXX	XXX	.33,716	.38,294
6. 2007	XXX	XXX	XXX	XXX	47,064

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	101,966	101,971	101,971	101,971	101,971
2. 2003 .....	.40,952	.46,123	.46,123	.46,123	.46,123
3. 2004	XXX	.39,359	.46,132	.46,132	.46,132
4. 2005	XXX	XXX	.42,334	.47,532	.47,532
5. 2006	XXX	XXX	XXX	.40,110	.44,688
6. 2007	XXX	XXX	XXX	XXX	55,815

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2003.....	.46,215	.40,239	2,395	.6.0	.42,634	.92.3	.0	.0	.42,634	.92.3
2. 2004.....	.48,258	.39,751	2,484	.6.2	.42,235	.87.5	.0	.0	.42,235	.87.5
3. 2005.....	.48,359	.42,229	1,478	.3.5	.43,707	.90.4	.0	.0	.43,707	.90.4
4. 2006.....	.48,281	.38,294	1,451	.3.8	.39,745	.82.3	.0	.0	.39,745	.82.3
5. 2007	66,561	47,064	1,433	3.0	48,497	72.9	8,751	143	57,391	86.2

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior .....	.80,889	.80,894	.80,894	.80,894	.80,894
2. 2003 .....	.35,167	.40,354	.40,354	.40,354	.40,354
3. 2004	XXX	.33,064	.39,868	.39,868	.39,868
4. 2005	XXX	XXX	.37,104	.42,320	.42,320
5. 2006	XXX	XXX	XXX	.33,806	.38,400
6. 2007	XXX	XXX	XXX	XXX	47,134

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2003	2 2004	3 2005	4 2006	5 2007
1. Prior	102,325	102,330	102,330	102,330	102,330
2. 2003 .....	.41,084	.46,271	.46,271	.46,271	.46,271
3. 2004	XXX	.39,472	.46,277	.46,277	.46,277
4. 2005	XXX	XXX	.42,431	.47,647	.47,647
5. 2006	XXX	XXX	XXX	.40,225	.44,819
6. 2007	XXX	XXX	XXX	XXX	55,905

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2003 .....	.46,491	.40,354	2,409	.6.0	.42,763	.92.0	.0	.0	.42,763	.92.0
2. 2004 .....	.48,527	.39,868	2,497	.6.3	.42,365	.87.3	.0	.0	.42,365	.87.3
3. 2005 .....	.48,624	.42,320	1,486	.3.5	.43,806	.90.1	.0	.0	.43,806	.90.1
4. 2006 .....	.48,548	.38,400	1,459	.3.8	.39,859	.82.1	.0	.0	.39,859	.82.1
5. 2007	66,798	47,134	1,438	.3.1	48,572	72.7	8,771	143	57,486	86.1

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves .....	.0								
2. Additional policy reserves (a) .....	.0								
3. Reserve for future contingent benefits .....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0								
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4) .....	.0			.0	.0	.0	.0	.0	.0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....	6,991	55,921	132,113		195,025
2. Salaries, wages and other benefits.....	120,078	960,625	2,269,467		3,350,170
3. Commissions (less \$ceded plus \$assumed.....					0
4. Legal fees and expenses.....	186	1,485	7,078		8,749
5. Certifications and accreditation fees.....			10,600		10,600
6. Auditing, actuarial and other consulting services.....	905	7,243	31,292		39,440
7. Traveling expenses.....	568	4,543	72,539		77,650
8. Marketing and advertising.....	1,774	14,195	47,525		63,494
9. Postage, express and telephone.....	43	342	58,690		59,075
10. Printing and office supplies.....	296	2,371	88,262		90,929
11. Occupancy, depreciation and amortization.....	27	213	13,438		13,678
12. Equipment.....					0
13. Cost or depreciation of EDP equipment and software.....	2,612	20,895	74,807		98,314
14. Outsourced services including EDP, claims, and other services.....	8,932	71,455	326,138		406,525
15. Boards, bureaus and association fees.....	2,087	16,698	51,633		70,418
16. Insurance, except on real estate.....	2,089	16,716	39,490		58,295
17. Collection and bank service charges.....		88	17,141		17,229
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....		49,719	104,409		154,128
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....	7,654	61,235	144,667		213,556
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	0	4,188,544	0	4,188,544
26. Total expenses incurred (Lines 1 to 25).....	154,242	1,283,744	7,677,833	0	(a).....9,115,819
27. Less expenses unpaid December 31, current year.....		143,000	442,538		585,538
28. Add expenses unpaid December 31, prior year.....	0	142,000	817,226	0	959,226
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....		0	0		0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	154,242	1,282,744	8,052,521	0	9,489,507
DETAIL OF WRITE-INS					
2501. MPCA - Outreach Program.....			302,068		302,068
2502. QAAP Taxes.....			3,886,476		3,886,476
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598)(Line 25 above)	0	0	4,188,544	0	4,188,544

(a) Includes management fees of \$4,457,747 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....99,852	.....74,961
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....	.....
1.3	Bonds of affiliates	(a).....	.....
2.1	Preferred stocks (unaffiliated)	(b).....	.....
2.11	Preferred stocks of affiliates	(b).....	.....
2.2	Common stocks (unaffiliated) .....	.....0	.....
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....752,433	.....758,878
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	852,285	833,839
11.	Investment expenses		(g).....
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....0
17.	Net Investment Income - (Line 10 minus Line 16)		833,839
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903) plus 0998 (Line 9, above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$accrual of discount less \$amortization of premium and less \$0 paid for accrued interest on purchases.
(b) Includes \$accrual of discount less \$amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$paid for accrued interest on purchases.
(d) Includes \$for company's occupancy of its own buildings; and excludes \$interest on encumbrances.
(e) Includes \$accrual of discount less \$amortization of premium and less \$paid for accrued interest on purchases.
(f) Includes \$accrual of discount less \$amortization of premium.
(g) Includes \$investment expenses and \$investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$interest on surplus notes and \$interest on capital notes.
(i) Includes \$depreciation on real estate and \$depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

	1	2	3	4	5.
	Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....	.....0	.....0	.....	.....
1.1	Bonds exempt from U.S. tax .....	.....	.....0	.....	.....
1.2	Other bonds (unaffiliated) .....	.....	.....0	.....	.....
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0
3.	Mortgage loans .....	.....	.....0	.....	.....0
4.	Real estate .....	.....0	.....0	.....	.....0
5.	Contract loans .....	.....	.....0	.....	.....
6.	Cash, cash equivalents and short-term investments .....	.....	.....0	.....	.....
7.	Derivative instruments .....	.....	.....0	.....	.....
8.	Other invested assets .....	.....	.....0	.....	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	0	0	0	0
DETAILS OF WRITE-INS					
0901.	.....	.....	.....	.....	.....
0902.	.....	.....	.....	.....	.....
0903.	.....	.....	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule-E, Part 1), cash equivalents (Schedule-E, Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	0	0	0
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software.....	56,291	37,106	(19,185)
19. Furniture and equipment, including health care delivery assets.....	88,185	61,199	(26,986)
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	550,000	550,000	0
23. Aggregate write-ins for other than invested assets	97,619	17,785	(79,834)
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	792,095	666,090	(126,005)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	792,095	666,090	(126,005)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301. Prepaid Expenses.....	97,619	17,785	(79,834)
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	97,619	17,785	(79,834)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	25,447	25,612	25,498	24,834	25,447	304,379
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	25,447	25,612	25,498	24,834	25,447	304,379
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

- A) **Accounting Practices**
The 2007 Annual Statement has been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual, and the preparation of the financial statements are in conformity with the Annual Statement Instructions.
- B) **Use of Estimates in the Preparation of the Financial Statements**
The estimates used in the preparation of the financial statements conformed to the Annual Statement Instructions and Accounting Practices and Procedures manual.
- C) **Accounting Policy**
Reinsurance premiums were netted against premium revenue and pharmaceutical rebates and psychotropic drug reimbursements were netted against pharmacy expenses.

Note 2 - Accounting Changes and Corrections of Errors

The Company now records Maternity Case Rate reimbursements (MCRs) within premium revenues. Previously, the Company was netting MCRs against medical expenses. Psychotropic drug reimbursements of \$2,786,769 are being netted against pharmacy expenses. QAAP tax expense is \$3,886,476 and is included in administrative expenses.

Note 3 - Business Combinations and Goodwill

NONE

Note 4 - Discontinued Operations

NONE

Note 5 - Investments

In February of 2005, the Plan purchased U.S. Government Agency Securities ("agencies") within the trust account from the Plan’s excess cash. These agencies were a "new issue" and therefore were not purchased at a premium or discount. Of the total agencies purchased (\$4,975,000), \$975,000 were purchased within the trust and \$4,000,000 were purchased outside of the trust. Of the \$4,000,000 in agencies outside the trust, \$3,000,000 matured and was reinvested in a money market account. The remaining \$1,000,000 in agencies outside the trust are properly classified as long-term investments. The Plan's agencies are summarized below:

Name of Bond	Date Purchased	Int Rate	Due Date	Actual Purchase Price	Par Value	Amortized Cost
TRUST						
FED NATL MTG ASSN	2/25/2005	4.000%	2/25/2008	650,000.00	650,000.00	650,000
AGENCY						
FED NATL MTG ASSN	2/25/2005	4.000%	2/25/2008	1,000,000.00	1,000,000.00	1,000,000
				Bonds (Page 2, Line 1)		\$ 1,650,000
				Total Bonds		\$ 1,650,000

Note 6 - Joint Ventures, Partnerships, and Limited Liability Companies

NONE

Note 7 – Investment Income

As of December 31, 2007, the Plan has \$833,839 of admitted investment income due and accrued and included in the statement of revenue and expenses.

Note 8 - Derivative Instruments

NONE

NOTES TO FINANCIAL STATEMENTS

Note 9 - Income Taxes

- A) NONE
- B) NONE
- C) NONE
- D) NONE
- F) NONE
- E) NONE

In May of 2005, the Company was approved for not-for-profit status by the IRS under IRC 501(c)4. The not-for-profit status is retro-active to February 20, 2004.

Note 10-Information Concerning Parent, Subsidiaries, and Affiliates

- A) The Plan is owned by fourteen 501(c)3 healthcare organizations with each owning various percentages. Only two hospitals control over 10% of the Plan. Marquette General Health System owns 56.27% and Portage Health System owns 10.02% of the Plan's outstanding common stock.
- B) NONE
- C) The Plan paid a management fee of \$4,457,747 to its management company, the Upper Peninsula Managed Care, LLC for 2007. All transactions are covered under Note 10-Part F.
- D) NONE
- E) NONE
- F) The Plan has a Management Service Agreement with its affiliate. This agreement spells out all administrative services provided by the company and includes methods of reimbursement for services performed.
- G) There are no shares of voting common stock in the Company. All 100 voting shares were recalled as a result of a change in control effective April 1, 2004.
- H) NONE
- I) NONE
- J) NONE

Note 11-Debt

The Plan has a \$1,000,000 long-term line of credit (LOC) with Wells Fargo Bank. This LOC has a variable rate of .25% over prime rate. The Plan has a \$0.00 balance outstanding as of December 31, 2007.

Note 12-Retirement Plans, Deferred Compensation, Postemployment Benefits & Compensated Absences, and other Postretirement Benefit Plans

NONE

Note 13-Capital, Surplus, Shareholder's Dividend Restrictions and Quasi-Reorganizations

As of December 31, 2007, the Plan has 29,935 shares of non-voting stock issued and outstanding. The Plan has no preferred stock issued or outstanding.

Note 14-Contingencies

NONE

Note 15-Leases

NONE

Note 16-Information about Financial Instruments With Off-Balance Sheet Risk and Financial Instruments With Concentrations of Credit Risk

NONE

Note 17-Sale, Transfer, and Servicing of Financial Assets and Extinguishments of Liabilities

NONE

Note 18-Gain or Loss to the Reporting Entity from Uninsured A&H Plans and the Uninsured Portion of Partially Insured Plans

NONE

Note 19-Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

NONE

NOTES TO FINANCIAL STATEMENTS

Note 20-September 11, 2001 Events

The Company was not directly impacted by the events of September 11, 2001.

Note 21 – Other Items

Financial Examination

The Plan underwent a financial examination in 2005 by Michigan’s Office of Financial & Insurances Services as of December 31, 2004. A copy of this report was made available for public inspection as of April 3, 2006.

Note 22-Events Subsequent

NONE

Note 23-Reinsurance

NONE

Note 24-Retrospectively Rated Contracts & Contracts Subject to Redetermination

The Plan's current book of business is the Michigan Managed Medicaid and MIChild contracts. The Plan has no retroactive features in its contracts.

Note 25-Change in Incurred Claims and Claim Adjustment Expense

NONE

Note 26-Intercompany Pooling Arrangements

NONE

Note 27-Structured Settlement

NONE

Note 28-Health Care Receivables

The Plan’s health care receivables as of December 31, 2007 totaled \$1,507,871 and consisted of psychotropic drug reimbursements from the State of Michigan Medicaid Program carve-out (\$221,997) and maternity case rates (\$441,856) for children born to mothers in Plan. Other receivables include; receivables for Medicaid premiums from October for annual rate adjustment (\$844,018).

Note 29-Participating Policies

NONE

Note 30-Premium Deficiency Reserves

NONE

Note 31-Anticipated Salvage and Subrogation

The Plan signed a contract with the First Recovery Group of Southfield, Michigan in September 2001. This contract enables The First Recovery Group to investigate, identify, and collect subrogation recoveries on behalf of the Upper Peninsula Health Plan, Inc. For 2007, First Recovery Group recovered \$57,529 for the Plan.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities .....		.0.000		.0.000
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		.0.000		.0.000
1.22 Issued by U.S. government sponsored agencies	1,650,000	7.827	1,650,000	7.827
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		.0.000		.0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		.0.000		.0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		.0.000		.0.000
1.43 Revenue and assessment obligations .....		.0.000		.0.000
1.44 Industrial development and similar obligations .....		.0.000		.0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....		.0.000		.0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....		.0.000		.0.000
1.513 All other .....		.0.000		.0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....		.0.000		.0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....		.0.000		.0.000
1.523 All other .....		.0.000		.0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		.0.000		.0.000
2.2 Unaffiliated foreign securities .....		.0.000		.0.000
2.3 Affiliated securities .....		.0.000		.0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		.0.000		.0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		.0.000		.0.000
3.22 Unaffiliated .....		.0.000		.0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		.0.000		.0.000
3.32 Unaffiliated .....		.0.000		.0.000
3.4 Other equity securities:				
3.41 Affiliated .....		.0.000		.0.000
3.42 Unaffiliated .....		.0.000		.0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		.0.000		.0.000
3.52 Unaffiliated .....		.0.000		.0.000
4. Mortgage loans:				
4.1 Construction and land development .....		.0.000		.0.000
4.2 Agricultural .....		.0.000		.0.000
4.3 Single family residential properties .....		.0.000		.0.000
4.4 Multifamily residential properties .....		.0.000		.0.000
4.5 Commercial loans .....		.0.000		.0.000
4.6 Mezzanine real estate loans .....		.0.000		.0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		.0.000	.0	.0.000
5.2 Property held for the production of income (including \$of property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
5.3 Property held for sale (including \$ property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
6. Contract loans .....		.0.000	.0	.0.000
7. Receivables for securities .....		.0.000	.0	.0.000
8. Cash, cash equivalents and short-term investments	19,430,911	92.173	19,430,911	92.173
9. Other invested assets		0.000		0.000
10. Total invested assets	21,080,911	100.000	21,080,911	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes ☒ No ☐
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes ☒ No ☐ NA ☐
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes ☐ No ☒
- 2.2

If yes, date of change:
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2004
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

04/03/2006
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/03/2006
- 3.4

By what department or departments? Michigan's Office of Financial & Insurance Services
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes ☐ No ☒
- 4.12

renewals?

Yes ☐ No ☒
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes ☐ No ☒
- 4.22

renewals?

Yes ☐ No ☒
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes ☐ No ☒
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes ☐ No ☒
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes ☐ No ☒
- 7.2

If yes,
- 7.21

State the percentage of foreign control;
- 7.22

State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]
- 11.11

Name of real estate holding company
- 11.12

Number of parcels involved
- 11.13

Total book/adjusted carrying value

\$
- 11.2

If yes, provide explanation
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA []
- 13.1

Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?

Yes [X] No []
- 13.1.a

Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- 13.1.b

Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;
- 13.1.c

Compliance with applicable governmental laws, rules and regulations;
- 13.1.d

The prompt internal reporting of violations to an appropriate person or persons identified in the code; and
- 13.1.e

Accountability for adherence to the code.
- 13.11

If the response to 13.1 is No, please explain:
- 13.2

Has the code of ethics for senior managers been amended?

Yes [] No [X]
- 13.21

If the response to 13.2 is Yes, provide information related to amendment(s).
- 13.3

Have any provisions of the code of ethics been waived for any of the specified officers?

Yes [] No [X]
- 13.31

If the response to 13.3 is Yes, provide the nature of any waiver(s).

BOARD OF DIRECTORS

14.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
15.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
16.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person?

Yes [X] No []

GENERAL INTERROGATORIES
FINANCIAL

17. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?

Yes [] No [X]

18.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

18.11 To directors or other officers

\$.....0

18.12 To stockholders not officers

\$.....0

18.13 Trustees, supreme or grand (Fraternal only)

\$.....0

18.2 Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

18.21 To directors or other officers

\$.....0

18.22 To stockholders not officers

\$.....0

18.23 Trustees, supreme or grand (Fraternal only)

\$.....0

19.1 Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [] No [X]

19.2 If yes, state the amount thereof at December 31 of the current year:

19.21 Rented from others

\$.....

19.22 Borrowed from others

\$.....

19.23 Leased from others

\$.....

19.24 Other

\$.....

20.1 Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [] No [X]

20.2 If answer is yes:

20.21 Amount paid as losses or risk adjustment

\$.....

20.22 Amount paid as expenses

\$.....

20.23 Other amounts paid

\$.....

21.1 Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]

21.2 If yes, indicated any amounts receivable from parent included in the Page 2 amount:

\$.....

INVESTMENT

22.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date?

Yes [] No [X]

22.2 If no, give full and complete information relating thereto:

All securities of the company are in the custody of Wells Fargo Institutional Trust Services. The company does not actually possess any security.

23.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 19.1)

Yes [] No [X]

23.2 If yes, state the amount thereof at December 31 of the current year:

23.21 Loaned to others

\$.....

23.22 Subject to repurchase agreements

\$.....

23.23 Subject to reverse repurchase agreements

\$.....

23.24 Subject to dollar repurchase agreements

\$.....

23.25 Subject to reverse dollar repurchase agreements

\$.....

23.26 Pledged as collateral

\$.....

23.27 Placed under option agreements

\$.....

23.28 Letter stock or other securities restricted as to sale

\$.....

23.29 On deposit with state or other regulatory body

\$.....

23.291 Other

\$.....

23.3 For category (23.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount

24.1 Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]

24.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes [] No [] NA []

25.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]

25.2 If yes, state the amount thereof at December 31 of the current year.

\$.....

GENERAL INTERROGATORIES

26. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 3, III Conducting Examinations, G - Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?

Yes [X] No []

26.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

<div>1</div> <div>Name of Custodian(s)</div>	<div>2</div> <div>Custodian's Address</div>
Wells Fargo Institutional Tust Services.....	101 W Washington St Marquette, MI 49855.....

26.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

<div>1</div> <div>Name(s)</div>	<div>2</div> <div>Location(s)</div>	<div>2</div> <div>Complete Explanation(s)</div>
.....
.....

26.03 Have there been any changes, including name changes, in the custodian(s) identified in 26.01 during the current year?

Yes [] No [X]

26.04 If yes, give full and complete information relating thereto:

<div>1</div> <div>Old Custodian</div>	<div>2</div> <div>New Custodian</div>	<div>3</div> <div>Date of Change</div>	<div>4</div> <div>Reason</div>
.....
.....

26.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

<div>1</div> <div>Central Registration Depository Number(s)</div>	<div>2</div> <div>Name</div>	<div>2</div> <div>Address</div>
.....
.....

27.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?.....

Yes [] No [X]

27.2 If yes, complete the following schedule:

<div>1</div> <div>CUSIP #</div>	<div>2</div> <div>Name of Mutual Fund</div>	<div>3</div> <div>Book/Adjusted Carrying Value</div>
.....
.....
27.2999 TOTAL		0

27.3 For each mutual fund listed in the table above, complete the following schedule:

<div>1</div> <div>Name of Mutual Fund (from above table)</div>	<div>2</div> <div>Name of Significant Holding Of the Mutual Fund</div>	<div>3</div> <div>Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding</div>	<div>4</div> <div>Date of Valuation</div>
.....
.....

GENERAL INTERROGATORIES

28. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
28.1 Bonds.....	1,650,000	1,648,449	(1,551)
28.2 Preferred stocks.....	0	0	0
28.3 Totals	1,650,000	1,648,449	(1,551)

28.4 Describe the sources or methods utilized in determining fair values:

Fair Market Value is determined by Wells Fargo and amounts are taken from their statements.....

29.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

29.2 If no, list the exceptions:

OTHER

30.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$25,062

30.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1	2
Name	Amount Paid
Michigan Association of Health Plans.....	25,062

31.1 Amount of payments for legal expenses, if any?.....\$3,569

31.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1	2
Name	Amount Paid
Foster, Swift, Collins, & Smith PC.....	3,569

32.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$0

32.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1	2
Name	Amount Paid
.....	
.....	
.....	

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only

\$ 0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$ 0

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$ 0

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$ 0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$ 0

1.62

Total incurred claims

\$ 0

1.63

Number of covered lives

0

All years prior to most current three years:

1.64

Total premium earned

\$ 0

1.65

Total incurred claims

\$ 0

1.66

Number of covered lives

0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$ 0

1.72

Total incurred claims

\$ 0

1.73

Number of covered lives

0

All years prior to most current three years:

1.74

Total premium earned

\$ 0

1.75

Total incurred claims

\$ 0

1.76

Number of covered lives

0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$ 66,797,874

\$ 48,498,038

2.2

Premium Denominator

\$ 66,797,874

\$ 48,498,038

2.3

Premium Ratio (2.1/2.2)

1.000

1.000

2.4

Reserve Numerator

\$ 8,428,000

\$ 6,418,000

2.5

Reserve Denominator

\$ 8,771,000

\$ 6,418,000

2.6

Reserve Ratio (2.4/2.5)

0.961

1.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No [X]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 100,000

5.32

Medical Only

\$

5.33

Medicare Supplement

\$

5.34

Dental

\$

5.35

Other Limited Benefit Plan

\$

5.36

Other

\$

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1

Does the reporting entity set up its claim liability for provider services on a service date base?

Yes [X] No []

7.2

If no, give details:

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

823

8.2

Number of providers at end of reporting year

813

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

9.22

Business with rate guarantees over 36 months

28

GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract?

Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....0

10.22 Amount actually paid for year bonuses

\$.....0

10.23 Maximum amount payable withholds

\$.....0

10.24 Amount actually paid for year withholds

\$.....0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [] No [X]

11.13 An Individual Practice Association (IPA), or,

Yes [X] No []

11.14 A Mixed Model (combination of above) ?.....

Yes [] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [X] No []

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$.....4,499,842

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [] No [X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Region 8: which includes all counties in Michigan's Upper Peninsula.....

FIVE-YEAR HISTORICAL DATA

	1 2007	2 2006	3 2005	4 2004	5 2003
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	22,630,343	14,817,518	11,727,804	12,087,264	11,684,785
2. Total liabilities (Page 3, Line 22)	9,412,538	7,433,226	7,124,557	6,952,061	7,377,515
3. Statutory surplus	0	0	0	0	0
4. Total capital and surplus (Page 3, Line 31)	13,217,805	7,384,292	4,603,247	5,135,203	4,307,270
Income Statement (Page 4)					
5. Total revenues (Line 8)	66,797,874	48,498,038	48,623,941	48,527,416	46,490,976
6. Total medical and hospital expenses (Line 18)	52,572,708	39,687,404	41,918,246	39,068,938	39,608,278
7. Claims adjustment expenses (Line 20)	1,437,986	1,458,558	1,486,435	2,497,602	2,409,770
8. Total administrative expenses (Line 21)	7,677,833	5,999,159	5,862,078	5,928,473	3,209,934
9. Net underwriting gain (loss) (Line 24)	5,109,347	2,232,917	(642,818)	1,032,403	1,262,994
10. Net investment gain (loss) (Line 27)	833,839	621,919	351,357	142,810	78,827
11. Total other income (Lines 28 plus 29)	15,771	3,501	0	0	0
12. Net income (loss) (Line 32)	5,958,957	2,858,337	67,862	763,892	814,801
Cash Flow (Page 6)					
13. Net cash from operations (Line 11)	6,841,006	3,491,810	(767,500)	1,947,849	3,331,512
Risk - Based Capital Analysis					
14. Total adjusted capital	13,217,805	7,384,292	4,603,247	5,135,203	4,307,270
15. Authorized control level risk-based capital	2,249,921	2,076,758	2,192,751	2,044,255	2,095,361
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	25,447	25,447	25,942	26,025	26,195
17. Total member months (Column 6, Line 7)	304,379	308,317	313,007	314,959	311,820
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus 19)	78.7	81.8	86.2	80.5	85.2
20. Cost containment expenses	0.2	0.3	0.3	0.0	xxx
21. Other claims adjustment expenses	1.9	2.7	2.7	51.0	0.0
22. Total underwriting deductions (Line 23)	92.4	95.4	101.3	97.9	97.3
23. Total underwriting gain (loss) (Line 24)	7.6	4.6	(1.3)	2.1	2.7
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	4,593,731	5,216,062	6,952,144	5,192,585	3,974,698
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	6,418,000	5,327,000	6,702,000	5,742,030	5,429,000
Investments In Parent, Subsidiaries And Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 53, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 7)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31	0	0	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	1,650,000	1,648,449	1,650,000	1,650,000
	2. Canada				
	3. Other Countries				
	4. Totals	1,650,000	1,648,449	1,650,000	1,650,000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States				
	22. Canada				
	23. Other Countries				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	1,650,000	1,648,449	1,650,000	1,650,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	1,650,000	1,648,449	1,650,000	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	3,500,000	7. Amortization of premium.....	0
2. Cost of bonds and stocks acquired, Column 7, Part 3	0	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....		8.1 Column 15, Part 1	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Sec. 2.....	0		
4.4 Columns 11 - 13, Part 4	0	9. Book/adjusted carrying value at end of current period	1,650,000
5. Total gain (loss), Column 19, Part 4	0	10. Total valuation allowance	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10)	1,650,000
Column 7, Part 4	1,850,000	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	1,650,000

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

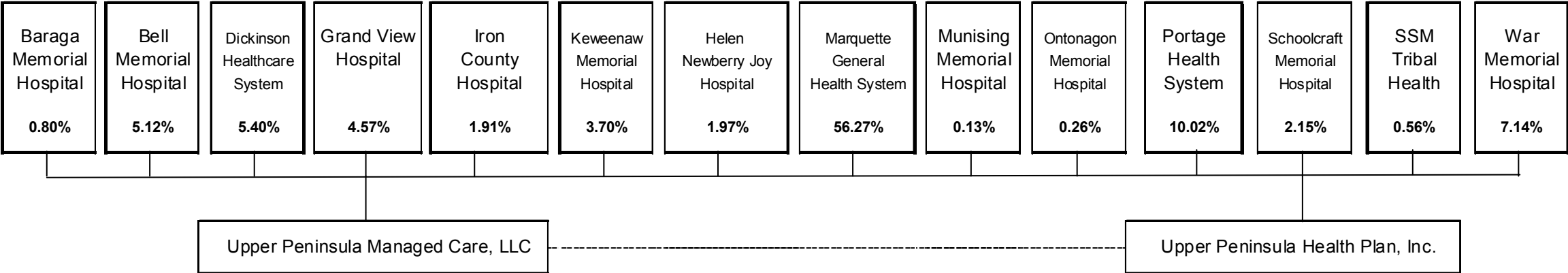
Allocated by States and Territories

		1	Direct Business Only							
		2	3	4	5	6	7	8	9	
States, Etc.		Is Insurer Licensed (Yes or No)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefit Program Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1. Alabama	AL								0	0
2. Alaska	AK								0	0
3. Arizona	AZ								0	0
4. Arkansas	AR								0	0
5. California	CA								0	0
6. Colorado	CO								0	0
7. Connecticut	CT								0	0
8. Delaware	DE								0	0
9. District of Columbia	DC								0	0
10. Florida	FL								0	0
11. Georgia	GA								0	0
12. Hawaii	HI								0	0
13. Idaho	ID								0	0
14. Illinois	IL								0	0
15. Indiana	IN								0	0
16. Iowa	IA								0	0
17. Kansas	KS								0	0
18. Kentucky	KY								0	0
19. Louisiana	LA								0	0
20. Maine	ME								0	0
21. Maryland	MD								0	0
22. Massachusetts	MA								0	0
23. Michigan	MI	Yes	238,170		66,712,496				66,950,666	0
24. Minnesota	MN								0	0
25. Mississippi	MS								0	0
26. Missouri	MO								0	0
27. Montana	MT								0	0
28. Nebraska	NE								0	0
29. Nevada	NV								0	0
30. New Hampshire	NH								0	0
31. New Jersey	NJ								0	0
32. New Mexico	NM								0	0
33. New York	NY								0	0
34. North Carolina	NC								0	0
35. North Dakota	ND								0	0
36. Ohio	OH								0	0
37. Oklahoma	OK								0	0
38. Oregon	OR								0	0
39. Pennsylvania	PA								0	0
40. Rhode Island	RI								0	0
41. South Carolina	SC								0	0
42. South Dakota	SD								0	0
43. Tennessee	TN								0	0
44. Texas	TX								0	0
45. Utah	UT								0	0
46. Vermont	VT								0	0
47. Virginia	VA								0	0
48. Washington	WA								0	0
49. West Virginia	WV								0	0
50. Wisconsin	WI								0	0
51. Wyoming	WY								0	0
52. American Samoa	AS								0	0
53. Guam	GU								0	0
54. Puerto Rico	PR								0	0
55. U.S. Virgin Islands	VI								0	0
56. Northern Mariana Islands	MP								0	0
57. Canada	CN								0	0
58. Aggregate Other Alien	OT	XXX	0	0	0	0	0	0	0	0
59. Subtotal	XXX		238,170	0	66,712,496	0	0	0	66,950,666	0
60. Reporting entity contributions for Employee Benefit Plans	XXX								0	
61. Total (Direct Business)	(a) 1		238,170	0	66,712,496	0	0	0	66,950,666	0
DETAILS OF WRITE-INS										
5801.	XXX									
5802.	XXX									
5803.	XXX									
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX		0	0	0	0	0	0	0	
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above)	XXX		0	0	0	0	0	0	0	

(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



ALPHABETICAL INDEX

(http://www.naic.org/committees_e_app_blanks.htm)

ANNUAL STATEMENT BLANK

Exhibit of Nonadmitted Assets	16
Analysis of Operations By Lines of Business	7
Assets	2
Cash Flow	6
Exhibit 1 – Enrollment By Product Type for Health Business Only	17
Exhibit 2 – Accident and Health Premiums Due and Unpaid	18
Exhibit 3 – Health Care Receivables	19
Exhibit 4 – Claims Unpaid and Incentive Pool, Withhold and Bonus	20
Exhibit 5 – Amounts Due From Parent, Subsidiaries and Affiliates	21
Exhibit 6 – Amounts Due To Parent, Subsidiaries and Affiliates	22
Exhibit 7 – Part 1 – Summary of Transactions With Providers	23
Exhibit 7 – Part 2 – Summary of Transactions With Intermediaries	23
Exhibit 8 – Furniture, Equipment and Supplies Owned	24
Exhibit of Capital Gains (Losses)	15
Exhibit of Net Investment Income	15
Exhibit of Premiums, Enrollment and Utilization (State Page)	30
Five-Year Historical Data	29
General Interrogatories	27
Jurat Page	1
Liabilities, Capital and Surplus	3
Notes To Financial Statements	25
Overflow Page For Write-ins	55
Schedule A – Part 1	E01
Schedule A – Part 2	E02
Schedule A – Part 3	E03
Schedule A – Verification Between Years	31
Schedule B – Part 1	E04
Schedule B – Part 2	E05
Schedule B – Verification Between Years	31
Schedule BA – Part 1	E06
Schedule BA – Part 2	E07
Schedule BA – Verification Between Years	31
Schedule D – Part 1	E08
Schedule D – Part 1A – Section 1	33
Schedule D – Part 1A – Section 2	36
Schedule D – Part 2 – Section 1	E09

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule D – Part 2 – Section 2	E10
Schedule D – Part 3	E11
Schedule D – Part 4	E12
Schedule D – Part 5	E13
Schedule D – Part 6 – Section 1	E14
Schedule D – Part 6 – Section 2	E14
Schedule D – Summary By Country	32
Schedule D – Verification Between Years	32
Schedule DA – Part 1	E15
Schedule DA – Part 2 – Verification Between Years	39
Schedule DB – Part A – Section 1	E16
Schedule DB – Part A – Section 2	E16
Schedule DB – Part A – Section 3	E17
Schedule DB – Part A – Verification Between Years	40
Schedule DB – Part B – Section 1	E17
Schedule DB – Part B – Section 2	E18
Schedule DB – Part B – Section 3	E18
Schedule DB – Part B – Verification Between Years	40
Schedule DB – Part C – Section 1	E19
Schedule DB – Part C – Section 2	E19
Schedule DB – Part C – Section 3	E20
Schedule DB – Part C – Verification Between Years	41
Schedule DB – Part D – Section 1	E20
Schedule DB – Part D – Section 2	E21
Schedule DB – Part D – Section 3	E21
Schedule DB – Part D – Verification Between Years	41
Schedule DB – Part E – Section 1	E22
Schedule DB – Part E – Verification	41
Schedule DB – Part F – Section 1	42
Schedule DB – Part F – Section 2	43
Schedule E – Part 1 – Cash	E23
Schedule E – Part 2 – Cash Equivalents	E24
Schedule E – Part 3 – Special Deposits	E25
Schedule S – Part 1 – Section 2	44
Schedule S – Part 2	45
Schedule S – Part 3 – Section 2	46
Schedule S – Part 4	47
Schedule S – Part 5	48
Schedule S – Part 6	49
Schedule T – Part 2 – Interstate Compact	51

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK (Continued)

Schedule T – Premiums and Other Considerations	50
Schedule Y – Information Concerning Activities of Insurer Members of a Holding Company Group	52
Schedule Y - Part 2 – Summary of Insurer’s Transactions With Any Affiliates	53
Statement of Revenue and Expenses	4
Summary Investment Schedule	26
Supplemental Exhibits and Schedules Interrogatories	54
Underwriting and Investment Exhibit – Part 1	8
Underwriting and Investment Exhibit – Part 2	9
Underwriting and Investment Exhibit – Part 2A	10
Underwriting and Investment Exhibit – Part 2B	11
Underwriting and Investment Exhibit – Part 2C	12
Underwriting and Investment Exhibit – Part 2D	13
Underwriting and Investment Exhibit – Part 3	14

